

**PROPOSITION 106**  
**C-03-2006; CONSERVING ARIZONA'S FUTURE**

**ANALYSIS BY LEGISLATIVE COUNCIL**

In 1910, the United States Congress passed the Arizona-New Mexico Enabling Act, allowing Arizona to become a state. The Enabling Act granted Arizona 10.9 million acres of land, referred to as "state trust land", to be held in trust for the benefit of the named beneficiaries, primarily the public schools, as well as other public institutions (colleges, hospitals, prisons, etc.). Both the Enabling Act and the Arizona Constitution provide that the state can lease or sell trust land, and the natural products (timber, minerals, etc.) of the land, to the "highest and best bidder" at advertised public auction and lands and products offered for sale must be appraised at and sold for not less than "true value".

Proposition 106 would amend the Arizona Constitution to:

1. Create a new seven member Board of Trustees appointed by the Governor, with the consent of the State Senate, to plan and dispose of all state trust lands. A majority of the members must have substantial involvement with public schools, such as university governance or administration, teaching or education advocacy. The costs associated with the Board are to be paid with a portion of the proceeds (5% - 8%) derived from the sale or lease of trust lands. Currently, all of the proceeds go to benefit schools and other beneficiaries of the state trust.
2. Create a Conservation Reserve, consisting of approximately 694,000 acres of state trust land, to be managed by a Board of Trustees. This trust land would no longer be available for sale to provide revenue for schools and other public institutions, although some revenue from leasing may be realized.
3. Generally the land in the Conservation Reserve must be restricted against "development" and be managed in a manner consistent with "conservation", but not required to be accessible to the public unless and until conveyed out of the state land trust, as those terms are defined in this proposal, and subject to the following:
  - a. Any lease, right-of-way or other use in existence when this provision is enacted may continue.
  - b. "Educational" reserve land may be conveyed to the Arizona Board of Regents for research and education. Buildings may be constructed on up to 50 acres of educational reserve land to support university programs.
  - c. "Permanent" reserve land may be conveyed by the Trustees to state or local governmental entities without payment, unless the land is leased for grazing.
  - d. "Provisional" reserve land may be conveyed by the Trustees to federal, state or local governmental entities or nonprofit conservation organizations upon payment of the true value of the land. Payment may be made in monetary or other forms of value that can be demonstrated by an appraisal. Provisional reserve lands not conveyed within a specified period of time may be removed from the Conservation Reserve and then treated in the same manner as other state trust land.
4. Allow the Board of Trustees to adopt a method for determining the "highest and best bid" that does not require the highest return to the state trust.

5. Provide that the Board of Trustees may convey title to state trust lands in exchange for an agreement to receive a share of anticipated gross revenues generated by the subsequent lease or sale of the land.

6. Allow the Board of Trustees to grant public rights-of-way over state trust land, without conducting an advertised public auction, in exchange for any form of value that can be demonstrated by an appraisal.

7. Require that land use planning for state trust lands be prepared in conjunction with the county, city or town where the land is located, according to generally applicable regulations that apply equally to similar private property in the jurisdiction. If the land use plan designates a part of the trust land for conservation, the Board of Trustees may convey that portion of the land to a state or local governmental entity without compensation, if the total compensation for all of the trust land subject to the plan is or will be at least equal to the "true value" of all of the subject land. The designated conservation land must be restricted against "development" and be managed in a manner consistent with "conservation" but not required to be accessible to the public unless and until conveyed out of the state land trust.

8. Allow the Board of Trustees to set aside a portion of the proceeds generated from state trust lands for the administration, management, planning and disposition of the land.

Proposition 106 does not become fully effective unless the United States Congress amends the Arizona-New Mexico Enabling Act prior to 2009 to authorize the changes contained in this proposal.